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CITY COUNCIL MINUTES
BUDGET WORKSHOP

KERRVILLE, TEXAS
JULY 19, 2017

On July 19, 2017, the Kerrville City Council budget workshop was called to order at 10:00 a.m. by Mayor White in the city hall council chambers at 701 Main Street.

COUNCILMEMBERS PRESENT:

Bonnie White	Mayor
George Baroody	Mayor Pro Tem
Vincent C. Voelkel	Councilmember
Mary Ellen Summerlin	Councilmember
C. Warren Ferguson	Councilmember

COUNCILMEMBER ABSENT: None.

CITY STAFF PRESENT:

Mark McDaniel	City Manager
Mike Hayes	City Attorney
E.A. Hoppe	Deputy City Manager
Brenda Craig	City Secretary
Sandra Yarbrough	Director of Finance
Kim Meismer	Director of General Operations
David Knight	Police Chief
Dannie Smith	Fire Chief

VISITORS PRESENT: List on file in city secretary's office for the required retention period.

DISCUSSION AND DIRECTION TO STAFF REGARDING THE PROPOSED FISCAL YEAR 2018 BUDGET

Water/Sewer Funds, Golf Fund, and Hotel Occupancy Tax Funds:

Water/Sewer Funds:

- Balanced budget with \$12.3 million in revenues and expenditures.
- No water or sewer rate increase.
- Water sales up 1%, and sewer service revenue up 1% from FY2017 based on growth in sales.
- One full time position (water operator) added; have been operating with overtime.
- Included six months of reuse service at Schreiner University and the Sports Complex. The reuse pond at the wastewater treatment plant should be complete in spring 2018. The pond for the sports complex was under design now.
- Water rate in FY2017 was increased \$0.57 in monthly account fee; the last volumetric rate increase was in 2012. Anticipate an increase in the water rate in FY2019 due in part to the TTHM (total trihalomethanes) issue.

- Residential sewer rates are based on winter averaging method. Volumetric sewer fees have not changed since 2011.
- Debt service for capital projects accounted for 32.4% of the w/s budget.
- Maintain current service levels and programs.
- 3% merit pay increase for employees.
- Add one position to water production.
- Contribution of \$75,000 for the comprehensive plan, i.e. utility infrastructure planning.
- \$47,000 increase for deferred maintenance project, i.e. pipe descaling.
- Included one-time expenditure for meter reading equipment, pump, SCADA equipment and lab equipment.
- Debt limit established by city policy is 35% of annual revenue; FY2018 debt service is 32.4% of revenues. Debt begins to drop off significantly beginning in FY2023. Current water/sewer fund debt was \$46 million; may look at restructuring some of the existing debt.

Golf Fund:

- Projections for the last several years were high; FY2018 adjusted to be more realistic with actual revenue.
- \$80,000 subsidy from the general fund in FY2018. Proposed a slight fee increase to offset subsidy by \$20,000.

Hotel Occupancy Tax Fund:

- Projected revenue for FY2018 was \$1,205,000.
- Proposed FY2018 expenditures: \$900 k, Convention and Visitors Bureau (CVB) (2.9% increase); \$50k Arts Co-op (CVB oversees; purpose is to advertise eligible groups/functions); \$25k Triathlon; \$25k Festival of the Arts; \$25k 4th on the River; \$25k Chalk Festival; \$25k Sports Complex promotion.
- Budget did not include funding for the Arcadia Theater project.

Charlie McIlvain presented CVB's proposed FY2018 budget and answered questions.

Council reviewed water/sewer funds, golf fund, and hotel occupancy tax fund budgets by line item.

ADJOURNMENT. The meeting adjourned at 11:41 a.m.

APPROVED: 08/08/2017

ATTEST:

Bonnie White, Mayor

Brenda Craig City Secretary